

Department of Environment and Natural Resources



Natural and Economic Resources Appropriations Subcommittee

February 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Today's Agenda

- DENR Mgmt Overview
- Division Overviews
 - Budget Summary
 - Management Information
 - Agency 5-10-15% reduction proposal
 - Governor's Recommendations
 - Other Options

DENR: Budget Fast Facts

	Expenditures	Receipts	General Fund Appropriation
Admin	\$ 12.5	\$ 3.8	\$ 8.7
Conserv. Trust Funds	\$ 77.7	\$ 56.8	\$ 0.0
Environment	\$ 180.5	\$ 137.2	\$ 44.4
Natural Resources	\$ 294.5	\$ 156.7	\$ 129.0
Nonprofits	\$ 3.9	\$ 0.0	\$ 3.9
Revolving Fund Match	\$ 12.6	\$ 0.0	\$ 12.6
Total	\$ 581.7	\$ 354.5	\$ 198.6

DENR Management *Staffing*

Executive Mgmt	5
Directors	29
Asst. Directors	22
Supervisors	743
Admin	251
Other Employees	2,882
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Total Employees	3,919

Approximately half of all
positions are
receipt-supported

DENR Management

Cell Phones

- Dept. has cell phone *use* policy that forbids personal use of phones except in emergencies
 - No issuance policy
 - Division directors make issuance decisions

December 2010

1,522 cell phones
(~ 38.8% of all employees)

430 with data plans
(28.2%)

Cost: > \$72.8k/ month
57.6% funded by General Fund

**** 93 fewer phones than
in December 2009 ****

DENR Management *Vehicles*

Vehicles	Nat Res.	Reg	Total
MFM Assigned	241	335	576
<i>Department-owned</i>			
Passenger Vehicles	1468	91	1559
Non-passenger Vehicles	266	18	284

*Minimum cost of the cheapest MFM
assigned vehicle:
\$294/ month
>\$3,500/ year*

DENR Management

Remote Employees

- Numerous home based employees
 - Mainly field staff who perform inspections
- Department has a telework policy, requires:
 - Signed agreement between supervisor & employee required for long-term telework agreements
 - Available to full & part (half +) time employees

February 2011

Positions in all 100 counties

Wake County has largest number

Increase Requests

- 22 requests - \$18.56 M in FY 2011-12
 - 20 for inflation or other continuation increases previously allowed in the base budget
 - Equipment & vehicle replacement, utilities, lease increase
 - Operating reserves
 - Rebalance personnel line items
 - 2 for State Revolving Funds (\$12.8 M)
 - 1 program expansion (\$159k in FY 2011-12)
 - Replacement of the existing Fisheries Information Network (FIN) system

DENR Department-wide

Governor's Recommendations

- Retirement Incentive Program (\$553,939, 13.8 FTE)
 - \$10k or \$20k incentive to retire
 - Assumes a 30% reduction in salary when refilling position
 - Incentive benefit paid by agency from source of salary funds
- Position Reserve (\$418,414, 68 FTE)
 - Focus is on permitting positions (at least 50%)
 - Remainder from middle management
 - Total spending reduction = \$3.9 m
 - Expect \$3.5 m to be from receipt-supported sources

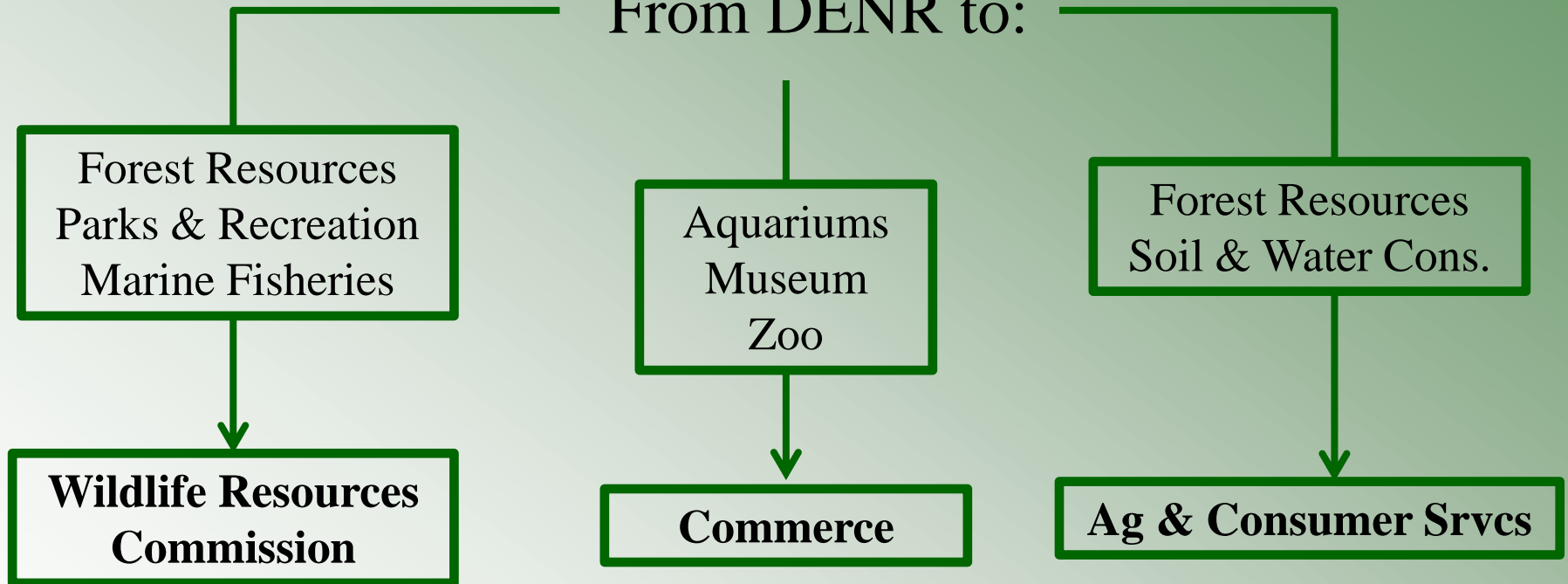
DENR Department-wide

- Other Options
 - Vacant Positions
 - Over 315 vacant positions (>\$13.5 million in salary)
 - ~ Half supported by GF (~\$6.6 million in salary)
 - Salary Reserve
 - Specific line items (cell phones, travel, equip, etc...)
 - Fees
 - Few programs, esp. on the natural resources side, are fully supported by fees
 - State required programs
 - Span of Control issues
 - Vehicle purchases and MFM

DENR

Mergers & Consolidations

From DENR to:



These options will be discussed in Subcommittee next week

NATURAL RESOURCES

DENR Administration

FY 2011-12 Base Budget

General Fund: \$ 20.1M

Excludes State Revolving Funds

Cell Phones

of Phones 12/2009 13

of Phones 12/2010 13

Cost 12/2010 \$ 677

% General Fund 13.1%

Positions

	Dir.	Asst. Dir.	Super- visors	Admin	Total Emp.
Executive Mgmt.	8	-	4	-	37
Budget	1	1	-	7	9
Controller	1	1	7	20	29
HR	1	1	4	9	15
IT*	1	-	28	91	120
Purchas.	1	-	2	11	14
Total	13	3	45	137	223

Vehicles

MFM Assigned 4

Department-owned

Passenger Vehicles 2

Non-passenger Vehicles 1

* Includes all IT positions in the Department; only 23 are technically paid out of the administration fund; the others are part of specific programs.

DENR – Administration

- 5-10-15% Agency Option Submission:
 - Eliminate pass-through funding (0 FTE, ~ \$3.4 M)
- Governor's Recommendations:
 - Reduce pass-through funding by 10% (0 FTE, \$389,327)
 - Funded State Revolving Fund Match (\$14.47 million R)
- Other Options:
 - Vehicles: Return # of assigned MFM cars (>\$3,500/ per vehicle)
 - Span of Control issues – numerous directors
 - Eliminate the Office of Environmental Education (~\$450k)
 - Potential savings from mergers related to mgmt (\$TBD)

**Non-Regulatory
State & Federal
Program**

OCPCA

FY 2011-12 Base Budget
General Fund: \$ 357K

Positions

Directors	1.0
Asst. Directors	-
Supervisors	2.0
Admin	-
Other Employees	23.5
Total Employees	26.5

Cell Phones

# of Phones 12/2009	6
# of Phones 12/2010	10
Cost 12/2010 \$	618
% General Fund	0.0%

Vehicles

MFM Assigned	5
<i>Department-owned</i>	
Passenger Vehicles	0
Non-passenger Vehicles	0

Office of Conservation Planning & Community Assistance

- Agency Options & Governor's Recommendation:
 - Eliminate Working Lands Program (1 FTE, ~ \$78 K)
- Other Options
 - Merge with appropriate agency *if* other mergers happen
 - Alter uses of the Natural Heritage Trust Fund to cover remaining Appropriation within this division (\$357k)
 - Reduce responsibilities and merge with other areas (\$TBD)
 - Duplication between Natural Heritage program and DACS' Plant Conservation program?

Aquariums

Non-Regulatory State Program

Cell Phones

# of Phones 12/2009	8
# of Phones 12/2010	9
Cost 12/2010 \$	473
% General Fund	82.6%

FY 2011-12 Base Budget

Total General Fund: \$ 9.56 M

Positions

Directors	4
Asst. Directors	1
Supervisors	28
Admin	8
Other Employees	95
Total Employees	136

Vehicles

MFM Assigned	9
<i>Department-owned</i>	
Passenger Vehicles	5
Non-passenger Vehicles	3



Aquariums



- Reduction Option & Governor's Recommendation:
 - Use \$1.4M of receipts for operating
- Other Options
 - Span of Control - 28 Supervisors / 136 Total Employees
 - Increase fees (\$TBD, over 1 m visitors/ yr)
 - Budget gate admissions not needed for debt service (\$2M)
 - Gate admissions ~\$5 m/ year
 - Reduce hours of operation (\$TBD)
 - Now open 9am to 5pm, 7 days/ week
 - 2009 analysis of closing 2 days/ week (\$2k in temps/ day)

Aquarium Admission Prices

Adult: \$8

Senior: \$7

Child: \$6

Ecosystem Enhancement Program

Non-Regulatory

Mitigation
required by
State & Fed

Positions

Directors	1
Asst. Directors	1
Supervisors	11
Admin	4
Other Employees	36
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Total Employees	53

FY 2011-12 Base Budget

Total Expenditures: \$ 59.1 M

Total Revenue: \$ 60.6 M

*Revenues generated by
fees for services*

*NCDOT, private sector, local & federal
government payments fund EEP*

In-lieu Fee cost structure based on
actual mitigation costs

Ecosystem Enhancement Program

Vehicles

MFM Assigned	6
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Department-owned

Passenger Vehicles	0
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Non-passenger Vehicles	0
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Cell Phones

# of Phones 12/2009	34
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# of Phones 12/2010	32
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Cost 12/2010	\$ 1,706
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% General Fund	0.0%
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Reduction Proposals

Agency: None

Governor: None

Other: (\$0)

- Span of Control – 11 supervisors/ 53 FTE
 - Transfer to DOT

Non-Regulatory

Fed & State Programs

Forest Resources

FY 2011-12 Base Budget

General Fund \$ 39.8 M

Positions

Directors	1
Asst. Directors	1
Supervisors	188
Admin	33
Other Employees	451
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Total Employees	674

Cell Phones

# of Phones 12/2009	575
# of Phones 12/2010	618
Cost 12/2010	\$34,835
% General Fund	76.7%

Vehicles

MFM Assigned	42
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Department-owned

Passenger Vehicles	751
Non-passenger Vehicles	191

Forest Resources

- Agency Options:
 - Close 2 State Educational Forests: 2 FTE, ~ \$219K
 - 10% General operating reduction: ~ \$2.05 M
- Governor's Recommendations:
 - Close 2 State Educational Forests: 3 FTE, ~ \$219K
 - Reduce operating & positions: 30.8 FTE, \$5.8 m

Forest Resources

- Other Options
 - Reduce Cell phones (~\$55/ phone)
 - Only 53 employees do not have cell phones
 - Re-evaluate aircraft needs based on consultant report (\$TBD)
 - 3 “base” option (currently use 9 hangars) (\$200,000)
 - Asheville, Kinston, Laurinburg
 - Potential to eliminate 4 additional aircraft
 - Many federal surplus, limited cost savings
 - No additional FTE recommended for elimination

Forest Resources

- Other Options
 - End the BRIDGE program (~\$1 m)
 - Extend winter closure of educational state forests (\$7k/ wk)
 - Currently open M-S Mid-March through Mid-November
 - End Lease-Purchase of Equipment (\$0, special provision)
 - Potential savings from Merger with DACS or WRC (\$TBD)

**Regulatory
Enforce Fed &
State Programs**

Marine Fisheries

FY 2011-12 Base Budget
General Fund \$ 16.7 M

Vehicles	
MFM Assigned	71
<i>Department-owned</i>	
Passenger Vehicles	67
Non-passenger Vehicles	10

Cell Phones	
# of Phones 12/2009	143
# of Phones 12/2010	88
Cost 12/2010	\$ 2,830
% General Fund	72.7%

Positions

Directors	1
Asst. Directors	1
Supervisors	70
Admin	8
Other Employees	168
Total Employees	248

Marine Fisheries

- Governor's Recommendations:
 - Eliminate Oyster Sanctuary Program (\$1.45M)
 - Reduce Shellfish Rehabilitation Program (\$575k, 4 FTE)
 - Eliminate Shellfish Mapping Program (\$562k, 9 FTE)
 - Eliminate & fund-shift positions (\$922k, 10 FTE)
 - Reduce River Herring Research (\$49.4k)
 - Close Columbia office (\$55.9k)
 - Reduce Marine Patrol budget (\$11k)

Marine Fisheries

- Agency Options:
 - Eliminate Oyster Sanctuary Program (\$1.45M)
 - General operating reduction: ~ \$1.0 M
- Other Options:
 - Accept delegation of federal enforcement authority
 - ~\$600k new revenue but also potential for increased costs
 - Span on Control: 70 supervisors
 - Potential savings from merger with WRC (\$TBD)

**Non-regulatory
State Program**

Museum of Natural Sciences

FY 2011-12 Base Budget

General Fund: \$ 9.97 M

Vehicles

MFM Assigned 5

Department-owned

Passenger Vehicles 7

Non-passenger Vehicles 4

Cell Phones

of Phones 12/2009 10

of Phones 12/2010 11

Cost 12/2010 \$ 440

% General Fund 100.0%

Positions

Directors 1

Asst. Directors 1

Supervisors 39

Admin 4

Other Employees 65

Total Employees 110

Museum of Natural Sciences

- Agency Options: N/A
- Governor's Recommendations:
 - Abolish positions & reduce temp wages (\$952k, 13 FTE)
 - Delay opening of Museum of Forestry (\$330k)
 - Included \$1.29 m increase in base budget

- Other Options

- Span of Control: 39 supervisors
- Charge admission fee (\$TBD)
 - Should be considered in tandem with fee at Museums of History & Art (Gen Gov)
 - Phase in due to re-configuration needs?

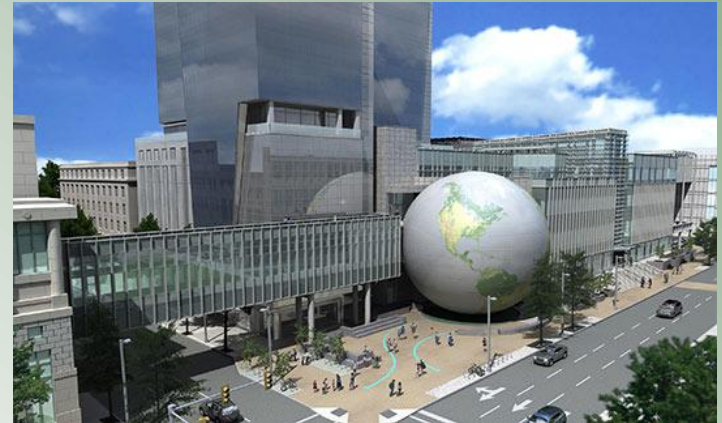
**Museum
Admission Prices**

Museum: \$0

Special Exhibits: \$ varies

Museum of Natural Sciences

- Other Options
 - Reduce hours / days of operations
 - Reviewed in 2009 - \$22,479/ day to operate (78% salaries)
 - Considerations: Many lives animals, lost revenue
 - Delay opening of the Nature Research Center (*Spring 2012*)
 - Reduce base budget increase for annualization (\$1.29 m)
 - Increase request for operations (\$1.94m)
 - Potential savings from merger with Commerce



Parks & Recreation

Non-regulatory State Program

FY 2011-12 Base Budget

General Fund: \$ 30.9 M

Positions

Directors	1
Asst. Directors	2
Supervisors	85
Admin	5
Other Employees	386
Total Employees	479

Vehicles

MFM Assigned	67
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Department-owned

Passenger Vehicles	576
Non-passenger Vehicles	34

Cell Phones

# of Phones 12/2009	128
# of Phones 12/2010	128
Cost 12/2010	\$ 6,018
% General Fund	80.0%

Parks & Recreation

- Agency Options:
 - Close Mount Jefferson and Singletary Lake State Parks (\$472K, 9 FTE)
 - Reduce operating expenses, seasonal wages, and vacant positions (\$3.4 M, 7 FTE)
 - Parks may be closed Tuesdays, Wednesdays, and Thursdays
- Governor's Recommendations:
 - Mgmt Flex Reduction (\$3.1 million)
 - Operating reserve for new facilities (\$180.6k)

Parks & Recreation

- Other Options
 - Potential savings from merger with WRC (\$TBD)
- Alternative Scenarios to reach a \$3+ million reduction
 - Close parks 2 months per year or 2-3 days per week
 - Mgmt issues with monthly closures v. daily
 - Increase or create new fees
 - Would require at least a 50% increase in fees to cover \$3m
 - Use PARTF for operations for the biennium
 - FY 2009-10 allotment to State Parks was over \$23 million
 - COPS obligation of \$7.2 million paid from these funds
 - Reduces funds available for R&R, land purchases, etc.
 - Would require 10-15% of State Park annual allocation

**Non-regulatory
State Program**

Soil & Water Conservation

Positions

Directors	1
Asst. Directors	1
Supervisors	9
Admin	3
Other Employees	44
Total Employees	58

FY 2011-12 Base Budget

General Fund: \$ 11.85 M

Cell Phones

# of Phones 12/2009	39
# of Phones 12/2010	30
Cost 12/2010	\$ 1,382
% General Fund	98.9%

Vehicles

MFM Assigned 28

Department-owned

Passenger Vehicles	7
Non-passenger Vehicles	0

Soil & Water Conservation

- Agency Options (\$254,588)
 - Reduce various operating expenses and eliminate 3 positions;
 - Discontinue the Pilot Program for Inspections of Animal Waste Management Systems (S.L. 2005-276)
 - Reduce funding for:
 - Local soil and water conservation district supervisors
 - Matching funds to local districts

Soil & Water Conservation

- Governor's Recommendations:
 - Reduce Ag Cost Share Program (\$1.2 million)
 - End participation in Coop. Soil Survey (\$245k, 4 FTE)
 - Reduce operating & positions (\$135k, 2 FTE)
 - Discontinue Animal Waste Pilot (\$52k, 1 FTE)
 - Reduce funds to local districts by 10% (\$400 each -- \$68k)
- Other Options
 - Consolidate animal operation inspections for DWQ & SWC
 - DWQ has federally delegated authority for animal operations permitting/ enforcement under EPA/ Clean Water Act
 - End routine operation inspections
 - Potential savings from merger with DACS (\$TBD)

**Non-regulatory
State Program**

NC Zoo

FY 2011-12 Base Budget

General Fund: \$ 12.34 M

Cell Phones

# of Phones 12/2009	9
# of Phones 12/2010	9
Cost 12/2010	\$ 193
% General Fund	0.0%

Vehicles

MFM Assigned	4
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Department-owned

Passenger Vehicles	53
Non-passenger Vehicles	23

Positions

Directors	1
Asst. Directors	1
Supervisors	39
Admin	6
Other Employees	220
Total Employees	267

NC Zoo

- Agency Options (\$1.8m)
 - Budget additional receipts (strollers, carousel) (\$400K)
 - Outsource all gift shops operations (\$603K)
 - Reduce various operating expense (\$806K)
- Governor's Recommendation
 - Same as Agency Options
 - Operating reserve (\$128.4k)
- Other Options
 - Budget all over-realized receipts (\$50k)
 - Increase fees (\$TBD, > 700k visitors)
 - Reduce hours of operations (\$1,186 temp wages/ day)
 - Potential savings from merger with Commerce

Zoo **Admission Prices**

Adult: \$8

Senior: \$6

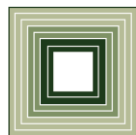
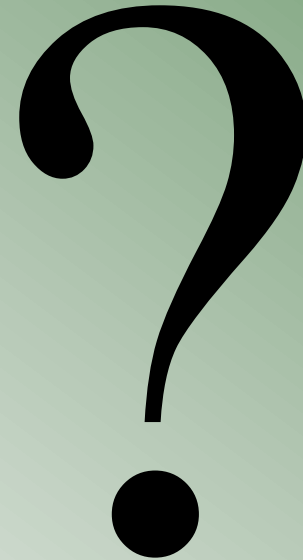
Child: \$4



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